

CORPORATION TAXES.

Amendments to Reports by Committee.

INCREASE OF ABOUT \$85,000.

Petitions From Medical Men—Oppose Direct Taxation—Patients Must Pay. Chinese Barbers Object to Paying Taxes—Damon Asks Amendments.

Fortieth Day.

THURSDAY, April 9.

Senate met at 10 a. m., and after prayer and reading of the minutes, Senator Waterhouse read a petition from the Y. P. S. C. E. regarding the sale of liquor.

Senator McCandless, of the committee, to whom was referred the amendment to section 5 of the tax law which provided that road taxes might be worked out on the roads at the rate of 50 cents per diem, recommended that the amendment be not adopted, as it was not considered practicable.

Report placed on the table to be considered with the bill.

Senator Lyman, from the committee to whom was referred the bill to provide additional fire houses on the plains, reported favorably and recommended that the sum of \$12,000 be appropriated for the purpose. The report was laid on the table, to be considered with the supplementary appropriation bill.

A petition signed by twenty-four Chinese barbers, praying that the tax on their trade be not passed. Laid on the table, to be considered with the bill.

Senator Waterhouse moved for a reconsideration of Sections 3 and 6 of the tax bill, which provide for the payment of taxes by boys of a school age.

Senator Brown opposed reconsideration because if amended it would materially reduce the revenue of the Government. A young man of 15 is old enough to be at work, and can make a living and should contribute to the maintenance of the Government by paying road and poll taxes.

Senator Waterhouse—I believe it best to reconsider, because it would then be sent to a committee and the details could be carefully gone over. I believe we can do better by making the limit between the ages of 20 and 30 than we can by allowing it to remain 17 and 20, as it now is.

Senator Brown moved the item pass as in the bill.

Senator McCandless agreed that 20 to 29 was better because it was inconsistent to make a man pay poll tax, which was really for the privilege of voting, when according to the Constitution he was not granted right of suffrage until he arrived at maturity.

Senator Waterhouse seconded the motion, because the two sections could be made uniform.

Minister Damon was sorry to notice a desire to change these sections of the bill. It should be the aim of the Senators to increase rather than decrease the revenue. It will make unnecessary trouble and confusion for the tax assessors and a loss to the Government in the collection of taxes.

Senator Waterhouse—The Minister is away off. It is not the tax collector who has trouble, but the outside man who collects \$5 and pays over \$3. It is the amount that is now lost that would be affected.

Senator Baldwin—I think the member is mistaken; this law has been in operation—well, ever since the creation of the Government. When a young man reaches the age of 17 he can earn as much money as one of 25. There is no reason why, at that age, he should go to school; he should be at work. I believe it would be best to defer the matter so it will go to a committee.

Senator Waterhouse seconded the motion and the item was referred to the Finance Committee.

Senator Brown moved that report of committee on Section 5 be adopted. Carried.

Senator Baldwin moved that Section 16 be adopted, the committee having reported unfavorably.

Senator Hocking—I fail to understand why the committee should have reported adversely. The amendment expressly provides that the man who works out his taxes on the road must do a full day's work before he can get a certificate of credit on his taxes.

Minister Damon suggested that the words "at the discretion of the Assessor" might be inserted to advantage.

Senator Waterhouse—I think the section is good. It is high time that the poorer classes should be taken out of the same category as men in Oahu Jail. If these people are arrested for non-payment of taxes they are given a prison suit and put to work on the roads.

Senator Hocking—It has been said here that a man with a homestead can always secure work on a plantation at 75 cents a day, and earn enough to pay his taxes. It seems to me like good business policy to secure those men's services at 50 cents a day if they are willing to exchange at that price. If they are arrested under the law it costs the Government, under the law, 50 cents a day, and the taxpayer must wear a striped suit.

Senator Brown—To adopt the amendment means retrogression. It was done here years ago and the implements brought out by the man who was willing to work out his taxes were an O. O., a pipe and a calabash. That was all they would bring. Such an amendment would be bad for Honolulu. These arrests are seldom made in the outer districts, and if the amendment was passed it would be an inducement for the taxpayer to offer his services and spend the day alongside his calabash, enjoying pipe. The Supervisor cannot be with a gang of laborers all the time; his duties require him to be anywhere and everywhere.

Senator Baldwin coincided with the previous speaker. There are very few people living here who want work but who can get it on the plantations. It is not the same as in other countries; men can get work if they want it.

Senator Hocking—The Senator's argument is inconsistent. If he was put in jail to work out his taxes he is as apt to be lazy as if he was free.

Senator Wright—I agree with the Senator from Maui (Hocking). If I was Supervisor I do not think I would have any trouble getting 50 cents' worth of work out of a man in a day of ten hours. I have no doubt Senator Baldwin gets 50 cents' worth of work out of the men on the plantation in a day. (Baldwin—We are not Supervisors.)

Senator Brown—I object to the amendment for another reason. It throws too much power into the hands of one man. I do not wish to be understood as saying the road supervisors would take advantage of it, but how easy it would be for him to sell a certificate for five days' work for \$2.50 when the work would not be done at all.

Senator Schmidt—The amendment is in the hands of experienced men, and I am willing to leave it to them. My sympathies are always with the poor, and I know the committee will do what is best.

On call of ayes and noes the report of the committee was adopted.

Senator Brown moved that the report of the committee on Section 16 be adopted.

Minister Damon—I would suggest, Mr. Speaker, that it would be wise to have the net profits and gross revenue of corporations from all sources be considered. In this matter we are not dealing with individuals, but with soulless bodies. If a corporation be under obligations to anyone the net profits could be reduced to nil. It is an easy matter to have alleged expenses eat up the profits so that there would be nothing in the way of dividends for the stockholders. This might easily be done through items of rebates, commissions, freights, etc. The Assessor should have access to the figures representing the gross revenue as well as the net. The net profits are not enough for him to be guided by. He would move to amend the following paragraph: "In estimating the aggregate value of such enterprise for profit there shall be taken into consideration the net profits made by the same, and all other facts and considerations which reasonably and fairly bear upon such valuations," by adding thereto these words, "also the gross revenue from all sources."

Senator Brown—I object to the amendment as unnecessary. No corporation stockholders would allow everything to go to the manager and directors. If dividends were not paid stockholders would very soon look into the expense items and see whether \$50,000 or \$70,000 were paid out in salaries. The manager would be very promptly brought into court and it would be proven whether or not he was conducting the business for the stockholders.

Minister Damon—It is the very first step that has ever been taken here toward an income tax, and as the bill has been drawn from such an Act, I feel confident that it will ultimately lead up to that.

Senator Baldwin—I had a conversation with the Minister of Finance last night regarding this item. We who have sugar interests are ready to pay a fair tax; we are ready to see a change if it is fairly made. I believe in having those who make tax returns include the gross receipts, and that the assessor should take those into account.

Senator McCandless—The part of the Act referring to the assessors may not be wise, because he might do something which would be against the law. To ascertain what is necessary to arrive at in carrying out the provisions it will be necessary to have both the net and gross revenue. If sugar corporations are taxed according to the intent of this Act, there will be an increase of \$85,000 annually in the revenue of the country. This amount will be from sugar only. All profit sharing business must be considered as coming under this Act.

President Wilder—Suppose a corporation spends its profits in improvements, it would have no reserve fund, and yet the property would be more valuable.

Minister Damon's amendment carried.

Sections 17 and 18 passed as in the bill.

When Section 19, referring to insurance, was read, Senator Waterhouse asked why the life insurance was not included.

Minister Damon—Premiums on life insurance are not payable here, as is the case with fire or marine insurance. To include this branch in the Act would render the policies on the lives of a great many people here void, for the reason that the companies would arrange to have premiums paid at the head office, in New York or elsewhere, while as an accommodation the agents collect them and transmit the money for the person assured.

Senator McCandless—I am like Senator Waterhouse. I want to know why life insurance companies are not included. Other Legislatures may have tried to impose the tax, and if they failed perhaps it was because the members were bulldozed.

Senator Brown—There is a difference. Contracts are made wherever the head office may be. Most of them here are governed by the laws of New York. These companies can force people to pay premiums in New York instead of through agents here, and perhaps a million dollars would be involved.

Senator Baldwin—The matter has been thoroughly canvassed by others. We have no life insurance companies here; they are taxed wherever they are incorporated. In Washington because they belong there, and in Massachusetts for the same reason. The companies could do away with agencies here and have traveling men from the United States, but that would deprive a few honest men of doing business here.

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A Grape Cream of Tartar Powder. Free from Ammonia, Alum or any other adulterant.

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LEWIS & CO., Agents, Honolulu, H. I.

Motion to include life insurance in the list of taxable properties was lost. Sections 20 to 25 inclusive passed as in the bill.

Section 26, relieving shareholders from taxation in stock passed.

Senator Schmidt asked to strike out Section 27, relating to taxes on mortgaged property. The section was referred to the Finance Committee.

Section 28, ten per cent. delinquent charge, passed as read.

Section 29 passed as read.

Section 30, exempting diplomats, clergymen and volunteer soldiers from taxation, passed as read. Senator Lyman offered an amendment to exempt "all youth in actual attendance in schools within the Republic." The amendment was lost and the section passed as read.

Section 31, giving the assessor discretion in exempting infirm and indigent persons from taxation, passed as read. Recess.

AFTERNOON SESSION.

At the afternoon session Section 32, exempting certain property from taxation, brought forth an amendment by Senator Waterhouse to exempt the Opera House and the Maternity Home from taxation. Senator McCandless added the Y. M. C. A. The amendment favoring the Maternity Home met with almost unanimous support, and was finally adopted. Minister Damon supported the Opera House amendment, but the measure was finally lost. The amendment exempting the Y. M. C. A. passed by a vote of 5 to 4. The section then passed as amended.

Section 33, relating to further exemptions, passed.

Sections 34 and 35, on appointment and removal of assessors, passed.

Section 36, relating to appointment and removal of deputy assessors, passed as read. Sections defining the powers and duties of deputy assessors, location of offices, passed as read.

Section 42 was deferred. Section 46 passed with slight amendment. Other intervening sections passed as read.

Section 57, on publication of delinquent tax list; Section 58, on enforcement of delinquent taxes, and Section 59, on delinquent personal taxes, passed as read. Section 60, on arrest, trial, penalty for delinquent taxes, passed with slight amendment. Section 61, defining procedure upon distress for taxes; Section 62, on procedure against unknown or non-resident delinquents, and Section 63, "police must assist assessors," passed. Section 64, relating to the Board of Equalization, passed as read.

Section 65, providing that "property shall be assessed each year with reference to the quantity and value of the same, on the first day of January of each year, except as by this Act otherwise provided," passed.

Section 66, relating to tax returns, passed as read.

Section 67, a new section proposed by the committee, passed with an amendment adding the words "as well as gross receipts" after the words "the net profit."

Section 68, on penalties for failure to make return; Section 69, on times when personal and dog taxes are due; Section 70, on public inspection of assessments; Section 71, providing for notice of appeal; Section 72, on costs, and Section 73, on certificate of appeal, passed as read.

When Section 74, on tax appeal court, was brought up, the Attorney General called attention to the fact that it was often a hardship for the Circuit Judge of Hawaii to serve on the tax appeal board. To put the Judge on this board was asking too much; it was also inconsistent, as the last part of the section provided that no assessor or his deputy, or Government officer or employee shall be appointed to sit or act as a member of any such court of appeal.

Senator Hocking said that he had found in his experience that it was well to have a legal head to the board of appeals.

On motion of the Attorney General the section was deferred.

Section 75 was also deferred. Section 76, defining a quorum in the tax appeal board, was amended by inserting the words, "except as herein after provided" after the words "The decision of the court or a majority of its members shall be final and conclusive." Section 77 passed as read.

Sections 78 and 79, defining the powers of the tax appeal courts, passed as read. Sections 80 and 81, on pay of courts and taxation of costs, passed as read. Sections 82, 83, 84 and 85, relating to appeal to the Supreme Court, were passed as recommended by the committee's report given in another column.

Senator Hocking moved to reconsider Section 22 and refer it to the Judiciary Committee. He believed the section was unconstitutional, on account of the clause in the constitution against ap-

propriations for sectarian schools. The motion was lost, and at 3:45 the Senate adjourned.

House of Representatives.

Rep. Robertson reported for the Judiciary Committee that Senate Bill No. 11, relating to the restriction of Chinese immigration, had been under consideration. Committee recommended its passage. Report laid on the table, to be considered with the bill.

Rep. Richards reported for the Committee on Passed Bills that House Bill No. 7, relating to the registration of male residents, and also Senate Bill No. 17, relating to the reorganization of the Judiciary Department, had been handed the President for consideration.

Under suspension of rules Rep. Robertson read the following petition:

To the Honorable the Legislature of the Republic of Hawaii—Gentlemen: The undersigned respectfully represent that in view of the proposal to place a license tax upon the medical profession and its branches, as they are advised is the intent of an Act now under consideration by your honorable body, the duly licensed and practicing members of the medical and dental profession met and considered the proposed measure.

The following resolutions have been adopted and are presented as a petition to your honorable body, to the consideration of which your attention is respectfully requested:

Whereas, in an Act now under consideration by the Legislature of the Republic of Hawaii, entitled, "An Act to amend, add to and consolidate the laws relating to certain licenses, etc.," it is proposed to impose an annual license tax upon all practitioners of medicine and surgery and of dentistry in this Republic; and

Whereas, the proposed measure will be an indirect tax upon those of the community who seek their services, and at a time when, by reason of illness, are least able to afford it; and

Whereas, the imposition of this license tax offends the sense of equity, in that it is at variance with the principle of a progressive income tax which should be duly proportioned to the income of every member of the community; and

Whereas, as citizens and property owners they will cheerfully bear the burden which may be imposed upon them by an equitable system of taxation that may be deemed necessary and expedient by your honorable body, they submit that the proposed tax is eminently unfair and unjust, because it is a tax on labor and education, and bears disproportionately upon the members of the profession; and

Whereas, it is a measure unprecedented to impose such a tax upon the members of liberal professions, who from time immemorial have in all countries been accorded the right to exercise their profession free of special taxation; and

Whereas, if this measure is designed for the protection of the public against the admission of unworthy or incompetent persons into the medical profession, it will not serve the same purpose that would be served by the statute, or provision, that should deny to an incompetent or unworthy person the right to practice medicine at all.

Therefore, Be it resolved, that we do earnestly and respectfully protest and remonstrate against this measure as opposed to equity and the best interests of the community.

Resolved, That copies of these resolutions be sent to the President of the Republic and to the Legislature, and your petitioners will ever pray.

John S. McGrew, N. Russell, N. B. Emerson, F. L. Miner, Hugo Stangenwald, George Herbert, R. W. Anderson, B. McKibbin, George P. Andrews, J. M. Whitney, A. J. Derby, M. E. Grossman, J. T. Wayson, Chas. B. Cooper, D. M. Gedde, D. McLennan, C. B. Wood, H. W. Howard, R. I. Moore, George H. Huddy, C. Clifford Ryder, F. R. Day, S. G. Tucker, J. L. Hildebrand, E. Suhrmann, Igo Mori, S. Kojima, J. Uchida.

Report referred to the Judiciary Committee.

Rep. Robertson then presented the following petition from Chinese barbers in the city:

"To His Excellency Sanford B. Dole, President, To the Honorable the Senate, To the Honorable the House of Representatives of the Republic of Hawaii—The petition of the undersigned, residents and taxpayers of Honolulu (Chinese), humbly sheweth:

"First—That your petitioners have carried on the trade of barbers a number of years and have barber shops in Honolulu.

"Second—That the principal customers who patronize our shops are Chinese, and we claim and contend that we do not come in competition with the American and European barbers in Honolulu and do not in any way interfere with their profits.

"Third—That the bill now before both Houses provides for a license fee to be paid by all barbers, and we claim and contend that we should be exempted from the payment of such license fee, the principle reason being as stated in paragraph 2 of this petition, and for the additional reasons that we already are compelled to pay taxes, heavy rent and our profits are very small.

"We therefore pray that the bill be amended by exempting the Chinese barbers from the payment of the said license fee, and as in duty bound will ever pray.

"Dated this 8th day of April, A. D. 1896."

(Signed by twenty-four Chinese persons.)

Petition referred to the Judiciary Committee.

Rep. Robertson moved that the consideration of House Bill No. 12 be still further deferred. Carried.

Senate Bill No. 11, relating to the restriction of Chinese immigration, was brought up in second reading and passed, after an amendment by Rep. Ryckroft making provision for "domestic service or agricultural labor," in "coffee mills," as well as "in the field or in rice or sugar mills"—this in view of the almost certain growth of the coffee industry on the islands. Bill ordered read third time Tuesday.

House adjourned at 10:40 a. m.

RECEPTION LAST NIGHT.

President and Mrs. Dole Entertain Many Guests.

HONORS TO MR. AND MRS. ADAMS.

Good Music and Beautiful Decorations. Hundreds of People Present—Distinguished Guests—A Success Over All the Other Receptions, Etc.

With music and flowers, with the soft glow of Japanese lanterns, hundreds of people enjoyed the reception of President and Mrs. Dole to Mr. and Mrs. E. R. Adams at the beautiful home of the President on Emma street last night.

From 8 until 9:30 o'clock guests came in perfect streams, nor did many see fit to leave until quite late, on account of the pleasant atmosphere that seemed to pervade everything.

The Hawaiian Band, stationed on the lawn near the entrance, played popular selections during the arrival of the guests, and assisted materially in making the event a pleasant one.

The house was a perfect bower of plants, from the spacious verandas into the rooms and out into the conservatory. At the entrance was a curtain formed of Hawaiian and American flags, gracefully draped and trailing lightly on the floor.

The reception room was perhaps the most profuse in decorations, and showed to good advantage the work of artistic hands. Yellow flowers prevailed, with here and there a sprinkling of vines or bunches of maiden-hair. In secluded corners were palms and ferns in just the proportion to accord with the other decorations of the room.

The sitting-room, immediately to the rear, was decorated with a different design in mind. Pink and red carnations and here and there a bunch of stephanotis vine and flowers were set about in various advantageous positions.

The conservatory leading from the sitting-room was one of the main attractions of the evening, and a place made welcome by the cooling atmosphere resulting from the playing fountains.

Wandering about from room to room and out upon the verandas, the guests were ever treated to some new thing of beauty to occupy the attention and increase the pleasure of the evening.

President and Mrs. Dole and Mr. and Mrs. E. R. Adams received in the drawing-room.

When most of the guests had arrived it was found that another pleasant feature had been stored up. Miss McGrew played a violin solo with piano accompaniment by Mr. Oscar Herold, and was followed by Miss Richards with a soprano solo, accompanied by Miss McGrew. Next came a duet, "The Wanderer's Night Song," by Mr. Harry Von Holt and his sister, Mrs. Glade, with accompaniment by Mrs. Von Holt. Miss Castle's piano solo concluded the program.

It would be difficult to state just how many people attended the reception last night, but it is safe to say that upwards of 500 people were present.

In the House proceedings reported in this paper yesterday Rep. Ryckroft was misquoted in two places.

In speaking of horse racing he said that "gambling at the race course was one of the greatest evils the people of the United States and England have to contend with." He did not say that the races are an evil. Again he was quoted as "favoring the amendment regarding salary of the superintendent of electric lights." He opposed it and Mr. Richards favored it.

LOCAL BREVITIES.

Castle & Cooke are dealers in the finest grades of lubricating oils. See their adv.

The Manufacturer's Shoe Company calls attention to shoes that are shoes and at prices within the reach of all.

American Minister Willis made a formal call on President Dole at the Executive building yesterday. He was accompanied by Consul Mills.

Capt. Ernest Renken of the mounted patrol made a score of 44 at the new police butts, Iwilei, yesterday. Several other good scores were made by members of the police department.

Claims against the estate of John Thomas Waterhouse, Jr., must be presented to Elizabeth Bourne Waterhouse, executrix, within six months from date, or they will be forever barred.

In a notice elsewhere it is announced that Waterhouse's No. 10 store has been sold to E. W. Jordan, who has control of the business and outstanding debts due the store. The Queen street stores will be continued by the Waterhouse estate.

Those who are troubled with rheumatism should try a few applications of Chamberlain's Pain Balm, rubbing the parts vigorously at each application. If that does not bring relief, dampen a piece of flannel with Pain Balm and bind it on over the seat of pain and prompt relief will surely follow. For sale by all druggists and dealers. Benson, Smith & Co., agents for Hawaiian Islands.

TAX LIST SUGGESTION.

B. F. Dillingham Draws Interesting Conclusions.

TAXES PAID BY O. R. & L. CO.

Discrepancy in Showing Made by Business Corporations—Railroad Paying One-eighth of Total—Proper Taxation Will Give Surplus.

MR. EDITOR:—Whoever has been instrumental in bringing before the public the figures which appeared in the columns of your paper this morning under the head of "Review of Tax Returns" has certainly earned the respect and good will of every honest taxpayer in Hawaii.

Assuming the figures which you have published are correct, it ceases to be a wonder that a sixty days' epidemic of cholera, or any other unusual demand upon the public treasury should bring a heavy strain upon the exchequer. This exposition of figures, showing that \$29,202.74 is the total amount of taxes paid by eighty-six business corporations representing directly and indirectly the wealth of the whole country, is a most astounding revelation. That the sugar plantations, incorporated, pay taxes of 1 per cent. on \$10,000,000, and those held under partnership and individuals pay 1 per cent. on a possible \$2,000,000 more (which does not appear clearly in your exhibit) fails to satisfy the unsuspecting taxpayer who in making his returns takes oath that the cash value of his property as made by him is true to the best of his knowledge and belief, and acting in good faith returns his property at its full cash value.

It is a well known fact that the masses in this country are forced to pay 1 per cent. upon the full cash value of their real and personal property. If 1 per cent. taxes should be collected from all property on the same basis of value, the taxes from the sugar industry and "business corporations" would exceed \$300,000 per annum.

It is to be hoped that the present Legislature will give this important matter the attention it deserves, and look to the proper source for the necessary income of the country, rather than to waste time in by-paths seeking to squeeze a few hard-earned dollars from physicians and barbers and others who already contribute more than their share to the public revenue.

The property of the Oahu Railway and Land Company, or the principal part of that company's property—the railway department—is exempt by law from taxation, and yet it appears that the said corporation paid last year about one-eighth of the taxes paid by all the "business corporations" of this country. Is this unjust condition of the tax system, or lack of system, to continue under a republican form of government? If so, there will surely be trouble when the next tax assessment comes around. If money justly due the public treasury is withheld by the wealthy of the country, those who have less should demand the same privilege, and if carried into effect it may help to solve the "home loan" problem, when rich and poor alike come forward to invest in 6 per cent. Government bonds money which all have withheld from taxes due. But the question of interest to be drawn from an exhausted treasury will then appear to be another matter.

This country is one of the richest in the world. There is no good reason why its debt could not be consolidated at 4 per cent. With a proper adjustment of taxes there would be ample revenue to meet current expense, interest on bonds, and still have a surplus of \$300,000 to \$500,000 a year to spend in permanent improvements.

Speaking of the taxes paid by the O. R. & L. Co. brings to mind a remark made by a prominent gentleman in this city, who said: "Think what the Government has done for the O. R. & L. Co."

As this impression seems to exist to some extent, that the Government has done a great deal for the railway company, for which it may or may not ever be rewarded, permit me in this connection to mention a few important facts which may be acceptable to those who care to know the truth.

Prior to the extension of the railway to Waianae, the Government had paid to the O. R. & L. Co. in round numbers \$11,000 subsidy, during which time the Government received an increase of taxes of over \$40,000 from business which grew out of the efforts of the O. R. & L. Co. The increase of taxes now from business inaugurated in connection with the O. R. & L. Co., and which would not have existed but for that company, amount to \$16,000 annually. The figures given this morning as the amount of taxes paid by eighty-six corporations last year are \$29,202.74; deduct from that amount \$3,508.50, the amount paid by the O. R. & L. Co., and we have \$25,694.24.

The amount of increase in taxes which the O. R. & L. Co. created for this Government during its short existence is over 60 per cent. of an amount equal to the total amount paid by all other "business corporations" in this country, as given in your list in this morning's issue.

Perhaps the writer will be pardoned for mentioning this fact, under all the circumstances, to which he will add that a prominent member of the Senate made the remark to a friend of his who had been talking with him about interests concerning this road: "I don't believe in railroads, anyway."

B. F. DILLINGHAM.

April 9, 1896.

Arrival of the Alameda.

The O. S. S. Alameda, von Ortendorp master, arrived at an early hour this morning from San Francisco. She was telephoned at 1:15 a. m.